

A G E N D A

REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE LAKESIDE WATER DISTRICT

March 10, 2026

Meeting Place: Lakeside Water District; 10375 Vine Street
Lakeside CA 92040; **5:30 p.m.**

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Brett Sanders, General Manager, at (619) 443-3805 for assistance so the necessary arrangements can be made.

1. Call to Order
2. Prayer/Invocation
3. Pledge of Allegiance
4. Approval of the Agenda
5. Opportunity for Public Comment Pertaining to Items Not on the Agenda (Items must meet the requirements of Government Code Section 54954.2)
6. Approve Minutes of a Regular Meeting held on February 3, 2026.
7. Review the January 2026 Treasurers Report for the Annual Audit. Request to Note and File in Preparation.
8. Operations Report. Johnze
9. Consider Resolution 26-01 to Continue Automatic Adjustments to Water Rates that Pass Through Rate Increase of Wholesale Water Charges. Sanders
10. Review Joint Powers Insurance Authority Liability, Property and Workers Compensation Low Loss "Presidents Special Recognition Awards" for the 2021-2024 Policy Periods. Sanders
11. Consider Option for Employee Group Life Insurance Benefit. Sanders
12. Approve Demands of the Treasurer for February 2026.
13. CWA Report
14. Director's Reports and/or Ad Hoc Sub-Committees Reports.

15. General Managers' Report.
16. Adjourn; Next Regular Meeting to be held on April 7, 2026.

PUBLIC COMMENT PROCEDURES

Members of the public will be allowed to address the Board on any agenda item prior to the Board's decision on the item. They will also be allowed to comment on matters not on the posted agenda, which are under the subject matter jurisdiction of the district. No action may be taken by the board except to set the matter presented for the next regular board meeting if proposed by the board. State your name, topic and provide the secretary with a request to speak form, so you can be properly included in the comment period. Comments are limited to 3 minutes and the board is not required to comment on the topic.

CERTIFICATE OF POSTING

I certify that on March 6, 2026, I posted a copy of the meeting agenda and any public records relating to items on the agenda and that they are available for public inspection at the time the record is distributed to all, or a majority of all members of the board. Such records shall be available at the district office located at 10375 Vine Street, Lakeside, California, or on the district's website at LakesideWater.org.

Agendas are posted at least 72 hours in advance of a regular meeting, or 24 hours in advance of a special meeting of the Board of Directors, near their regular meeting place, and as per Government Code Section 54954.2(a)(1) and 54956(a).

Brett Sanders, General Manager / Board Secretary

**MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE
LAKESIDE WATER DISTRICT
HELD ON February 3, 2026**

At the time and place provided by law for the holding of a Regular Meeting of the Board of Directors of the Lakeside Water District; to-wit at the meeting place of said Board at 10375 Vine Street, Lakeside, California, at 5:30 p.m. the Board duly convened, the following members present.

Directors:	Frank Hilliker Pete Jenkins Steve Johnson Eileen Neumeister Steve Robak
Secretary:	Brett Sanders

- 1) Call to Order by Board President Neumeister
- 2) Prayer/Invocation – Dave Swanson provided the prayer for the night’s meeting.
- 3) Pledge of Allegiance was led by Director Hilliker
- 4) Approval of Agenda. Motion by Director Robak to accept the agenda as submitted.

Motion:	Robak	Second:	Johnson
Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 5) Opportunity for Public Comment Pertaining to Items Not on the Agenda (Items must meet the requirements of Government Code Section 54954.2).
- 6) Approve Minutes of a Regular Meeting held on January 6, 2025. Motion by Director Robak to approve the minutes as presented.

Motion:	Robak	Second:	Jenkins
Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

- 7) Review the December 2025 Treasurers Report for the Annual Audit. Request to Note and File in Preparation. Approved to Note and File.
- 8) Operations Report. Superintendent Johnze reported the following.
 - SCADA upgrades; Completed the transition from the 35 year Bristol Babcock system to a system called Ignition to operation our pump stations and tank sites. Still need to upgrade the Riverview system.

Lakeside Water District
Statement of Revenues and Expenses
July 2025 through January 2026

	Jan 26	Jul '25 - Jan 26	Budget	% of Budget
Operating Revenue				
Water Sales				
4000 · Water Sales on Account	\$ 669,950	\$ 5,718,977	\$ 9,602,575	60%
4010 · System meter charge	\$ 138,376	\$ 815,456	\$ 1,458,965	56%
4020 · CWA/IAC	\$ 37,638	\$ 268,595	\$ 457,906	59%
4040 · Penalties / other	\$ 12,499	\$ 94,876	\$ 130,000	73%
Total Water Sales	\$ 858,463	\$ 6,897,904	\$ 11,649,446	59%
4100 · Capacity Fees LWD	\$ -	\$ 41,767	\$ 57,030	73%
4101 · SDCWA Capacity & Treatment	\$ -	\$ 41,869	\$ 85,186	49%
4200 · Meter Services	\$ -	\$ 10,812	\$ 35,000	31%
4210 · Engineering & Inspection Fees	\$ 21,520	\$ 36,436	\$ 7,500	486%
4220 · Fire Hydrants	\$ -	\$ 15,375	\$ 30,000	51%
4230 · Tapping	\$ -	\$ 15,000	\$ 15,000	100%
4300 · Miscellaneous Income	\$ 145	\$ 55,857	\$ 20,000	279%
4310 · Water Letters	\$ 400	\$ 1,475	\$ 250	590%
4400 · Rent - Land Lease	\$ 40,251	\$ 195,431	\$ 291,770	67%
4600 · Interest Income	\$ 39,677	\$ 227,929	\$ 315,000	72%
4700 · Taxes Revenue	\$ 125,916	\$ 476,077	\$ 740,000	64%
Total Income	\$ 1,086,372	\$ 8,015,932	\$ 13,246,182	61%
Expense				
Administrative and General				
7000 · General Manager/Secretary	\$ 22,093	\$ 135,091	\$ 234,000	58%
7001 · Incentive Compensation	\$ 7,000	\$ 14,000	\$ 14,000	100%
7020 · Director's Fees	\$ 625	\$ 4,250	\$ 10,750	40%
7100 · General Insurance	\$ 5,363	\$ 85,267	\$ 66,575	128%
7200 · Annual Audit	\$ -	\$ 33,555	\$ 31,000	108%
7210 · Attorney Fees	\$ 2,184	\$ 10,282	\$ 30,000	34%
7230 · Consultants	\$ 400	\$ 22,892	\$ 8,000	286%
7300 · Elections/Registrar	\$ -	\$ -	\$ 2,000	0%
7320 · Lafco Operating Costs	\$ -	\$ 3,994	\$ 5,634	71%
7401 · Administrative Expense	\$ -	\$ 1,586	\$ 7,000	23%
7450 · Public Info/Public Relat	\$ -	\$ 13,497	\$ 11,350	119%
7500 · State Health Dept./ SWRCB	\$ -	\$ 46,434	\$ 49,064	95%
7800 · Bad Debt Expense	\$ -	\$ -	\$ 2,000	0%
7900 · Water Dev./Conservation Program	\$ -	\$ -	\$ 9,500	0%
Total Administrative and General	\$ 37,665	\$ 370,848	\$ 480,873	77%

	Jan 26	Jul '25 - Jan 26	Budget	% of Budget
Operations and Maintenance				
5000 · Water Purchases	\$ 633,437	\$ 4,831,297	\$ 7,994,040	60%
5075 · Padre Dam Deliver Charge	\$ -	\$ -	\$ 2,600	0%
5080 · Water Treatment & Testing	\$ 373	\$ 12,565	\$ 24,000	52%
5090 · Infrastructure Access Charge	\$ 37,465	\$ 261,985	\$ 443,760	59%
5091 · SDCWA Capacity & Treatment Fees	\$ -	\$ 41,869	\$ 111,353	38%
5100 · Electric Power	\$ 16,891	\$ 160,490	\$ 327,000	49%
5200 · Water Treatment -Maint/Supplie	\$ 33,048	\$ 77,401	\$ 80,000	97%
5627 · County - Road Improvements	\$ -	\$ -	\$ 15,000	0%
5628 · Telemetry Repair	\$ 184	\$ 35,035	\$ 15,000	234%
6000 · Wages, Field	\$ 67,407	\$ 466,648	\$ 866,513	54%
6100 · Distribution - Maint/Supplies	\$ 9,541	\$ 130,917	\$ 130,000	101%
6102 · Dist. Pump & Maint	\$ -	\$ 2,648	\$ 60,000	4%
6110 · Emergency Repairs & Service	\$ -	\$ -	\$ 45,000	0%
6200 · Trucks-Fuel,Maintenance,Repair	\$ 6,977	\$ 39,952	\$ 70,000	57%
6400 · Outside Labor	\$ -	\$ 6,655	\$ 42,000	16%
6410 · Engineering	\$ -	\$ 3,052	\$ 20,000	15%
7010 · Wages, Office	\$ 28,597	\$ 198,098	\$ 340,000	58%
7030 · Payroll Taxes	\$ 9,618	\$ 58,663	\$ 102,508	57%
7040 · Group Insurance	\$ 33,429	\$ 221,978	\$ 326,740	68%
7050 · CalPers Retirement	\$ 14,103	\$ 157,995	\$ 253,503	62%
7070 · Unemployment Insurance	\$ -	\$ -	\$ 5,000	0%
7400 · Office Expense	\$ 17,027	\$ 107,518	\$ 157,714	68%
7440 · Dues & Subscriptions	\$ 237	\$ 23,860	\$ 32,000	75%
7920 · Miscellaneous Expense	\$ 98	\$ 4,412	\$ 6,000	74%
Total Operations and Maintenance	\$ 908,432	\$ 6,843,038	\$ 11,469,731	60%
Total Expense	\$ 946,097	\$ 7,213,886	\$ 11,950,604	60%
Net Ordinary Income	\$ 140,275	\$ 802,046	\$ 1,295,578	62%
Capital Requirements				
1510 · Buildings & Land Improvements	\$ -	\$ -	\$ 4,000	0%
1520 · O & M Equipment	\$ -	\$ -	\$ 10,000	0%
1530 · Office Furniture & Equipment	\$ -	\$ -	\$ 15,000	0%
1547 · CIP Design/Engineering	\$ 4,400	\$ 15,200	\$ 5,000	304%
1550 · Pumping Plant & Distribution	\$ 2,849	\$ 52,157	\$ 30,000	174%
1551 · New Service/Meters	\$ 5,141	\$ 7,145	\$ 10,000	71%
1580 · SCADA Telemetry Upgrade	\$ -	\$ -	\$ 30,000	0%
1581 ·Yerba Valley Annexation Pipeline	\$ 5,121	\$ 16,605	\$ 450,000	4%
1582 ·Operations, Eng. & Security Bldg.	\$ 64,171	\$ 211,118	\$ 195,000	108%
1583 ·Julian Ave. Multiple Pipe Rep.	\$ 4,635	\$ 14,655	\$ 20,000	73%
1584 ·Rocoso Rd. Pipe Replacement Eng.	\$ 3,480	\$ 6,060	\$ 20,000	30%
Total Capital Expense	\$ 89,797	\$ 322,940	\$ 789,000	41%

Lakeside Water District
Investment Report
As of January 31, 2026

Jan 31, 26

Current Assets

Checking/Savings

1020 · UBS Cash Fund	3,217.64
1030 · King Cash Fund	22,598.21
1050 · Multi-Bank Securities, Inc.	200,332.99
1070 · Investment - LAIF	1,032.05

Total Checking/Savings

227,180.89

Other Current Assets

Investments

1321.70 · Mrgn Stanley BK 4.45% 6/6/29	115,000.00
1321.71 · First Gty Bk Hamm 4.35% 11/6/28	199,900.00
1321.73 · FHLB 4.09% 11/25/30	245,005.25
1321.74 · FHLMC Med 4.170% 01/27/31	245,005.25
1351.33 · FHLB 0.875% 3/10/26	245,000.00
1351.34 · Greenstate 0.7% 3/12/26 60269	249,000.00
1351.38 · Toyota 0.95% 7/22/26 57542	140,000.00
1351.39 · Synchrony 0.9% 8/20/26 27314	119,000.00
1351.40 · FHLN 0.9% 8/26/26	640,000.00
1351.41 · ConnectOneBk 0.8% 9/24/26 57919	136,000.00
1351.42 · PentagonFed 0.9% 9/29/26 227	249,000.00
1351.43 · FHLN 1.1% 10/13/26	350,000.00
1351.44 · FHLN 1.375% 11/16/26	270,000.00
1351.45 · FHLB 1.65% 12/30/26	270,000.00
1351.46 · FHLN 2.5% 3/29/27	270,000.00
1351.47 · FHLN 3.75% 5/26/27 no call 12mo	1,000,000.00
1351.48 · StBk India 3.3% 6/1/27 33682	100,000.00
1351.49 · TSRY 2.375% 5/15/27	346,489.66
1351.51 · Morgan S Privt Bk 3.7% 9/26/29	245,000.00
1351.52 · Morgan S Bk 3.7% 9/26/29	105,000.00
1351.54 · Cross Riv Bk Teaneck 4% 1/3/28	245,000.00
1351.55 · AMEX NATL BK 4.15% 3/26/30	244,000.00
1351.56 · EAGLEBK BETH 4.05% 4/17/28	249,000.00
1351.57 · MILESTONE BANK 3.95% 4/28/28	245,000.00
1351.58 · FNBA 3.85% 4/30/29	249,000.00
1351.59 · Medallion BK 4.050% 5/19/28	249,000.00
1351.60 · UBS BK USA 4.10% 5/22/28	249,000.00
1351.61 · USF FCU 4.00% 7/30/30	249,000.00
1351.62 · Valley Nat'l Bk 3.95% 07/31/28	245,000.00
1351.63 · Connexus 3.75% 9/18/28	249,306.99
1351.64 · Royal BK CDA 4.10% 9/30/30	500,000.00
1351.65 · Gold Sachs BK USA 3.70% 10/7/30	245,000.00
1351.66 · Gulf Coast B&T 3.65% 11/25/30	245,000.00

	Jan 31, 26
1351.67 · Texas EXC Bank 3.75% 11/26/29	249,000.00
1351.68 · 3rd Fed SVG & LN 3.75% 12/19/30	245,000.00
1351.69 · Farmers & Merch. 3.70% 12/31/30	249,000.00
1383.27 · FHLB 2.5% 2/25/27	670,000.00
1383.28 · BealBk 2.05% 3/3/27 57833	247,000.00
1383.29 · FHLB 2.5% 3/30/27	200,000.00
1383.30 · FHLB 3.25% 4/21/27	255,000.00
1383.31 · FHLB 3% 4/29/27 no call 24mo	250,000.00
1383.32 · FHLB 3.375% 5/28/27 no call24mo	255,000.00
1383.33 · AllyBk 3% 6/9/26 57803	139,000.00
1383.34 · SALLMA 4.3% 07/27/29	244,000.00
1383.35 · UBS 4.2% 07/24/29	248,000.00
1383.36 · FNMA 4.375% 8/6/29	179,184.50
1383.37 · Valley Natl 4.15% 1/27/28	244,000.00
1383.39 · BMW Bank of NA 3.95% 4/25/28	245,000.00
1383.40 · FHLB 4.125% 10/5/29	204,692.50
1383.41 · FHLB 4.375% 6/24/2030	185,878.75
1383.42 · Farmer MAC 4.26% 7/16/30	496,980.00
1383.44 · FNMA 4.00% 8/20/30	899,550.00
1383.45 · FNMA 3.75% 1/7/31	320,000.00
Total Investments	15,028,992.90
Total Current Assets	15,256,173.79

Investment Changes in January 2026

Purchased 1383.45	FNMA 3.75% 1/7/31	320,000.00
Purchased 1321.74	FHLMC Med	245,005.25
Matured 1321.69	BkUnited 0.55% 1/22/26	242,000.00

Investments by Maturity

January 2026

<u>Description</u>	<u>Cusip</u>	<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>	<u>Est. Yr Interest</u>	<u>Avg Rate</u>
King Fidelity Treasury MM	FZFXX		4.11%	\$ 567	\$ 23.29	
Maturity in 2025		\$ 567	0%			4.11%
FHLB	3130ALLS1	3/10/2026	0.88%	\$ 245,000	\$ 2,143.75	
Greenstate	39573LAY4	3/12/2026	0.70%	\$ 249,000	\$ 1,743.00	
Ally Bank	02007GSU8	6/9/2026	3.00%	\$ 139,000	\$ 4,170.00	
Toyota Fin	89235MLD1	7/22/2026	0.95%	\$ 140,000	\$ 1,330.00	
Synchrony	87165GD74	8/20/2026	0.90%	\$ 119,000	\$ 1,071.00	
FHLB	3130ANJT8	8/26/2026	0.90%	\$ 640,000	\$ 5,760.00	
ConnectOneBk	20786ADL6	9/24/2026	0.80%	\$ 136,000	\$ 1,088.00	
PentagonFed	70962LAS1	9/29/2026	0.90%	\$ 249,000	\$ 2,241.00	
FHLN	3130APB87	10/13/2026	1.10%	\$ 350,000	\$ 3,850.00	
FHLN	3130APLP8	11/16/2026	1.38%	\$ 270,000	\$ 3,712.50	
FHLB	3130AQBE2	12/30/2026	1.65%	\$ 270,000	\$ 4,455.00	
Maturity in 2026		\$ 2,807,000	19%			1.12%
FHLB	3130AQYG2	2/25/2027	2.50%	\$ 670,000	\$ 16,750.00	
Beal Bk	07371CK81	3/3/2027	2.05%	\$ 247,000	\$ 5,063.50	
FHLB	3130ARDY4	3/29/2027	2.50%	\$ 270,000	\$ 6,750.00	
FHLB	3130ARCL3	3/30/2027	2.50%	\$ 200,000	\$ 5,000.00	
FHLB	3130ARKD2	4/21/2027	3.25%	\$ 255,000	\$ 8,287.50	
FHLB	3130ARMS7	4/29/2027	3.00%	\$ 250,000	\$ 7,500.00	
US Treasury	912828X88	5/15/2027	3.54%	\$ 346,490	\$ 12,265.75	
FHLB	3130ARMS7	5/26/2027	3.75%	\$ 1,000,000	\$ 37,500.00	
FHLB	3130ARYQ8	5/28/2027	3.37%	\$ 255,000	\$ 8,593.50	
State Bank India N	856285N64	6/1/2027	3.30%	\$ 100,000	\$ 3,300.00	
Maturity in 2027		\$ 3,593,490	24%			3.09%
Cross Riv BK Teaneck	227563LU5	1/3/2028	4.00%	\$ 245,000	\$ 9,800.00	
Valley National Bk	919853PX4	1/28/2028	4.15%	\$ 244,000	\$ 10,126.00	
EAGLEBANK Bethesda	27002Y-HN-9	4/17/2028	4.05%	\$ 249,000	\$ 10,084.50	
BMW Bank NA	05612LEQ1	4/25/2028	3.95%	\$ 245,000	\$ 9,677.50	
Milestone BK SALT	59934M-DC-9	4/28/2028	3.95%	\$ 245,000	\$ 9,677.50	
Medallion BK Salt	58404D-XT-3	5/19/2028	4.05%	\$ 249,000	\$ 10,084.50	
UBS BK USA	90355G-WG-7	5/22/2028	4.10%	\$ 249,000	\$ 10,209.00	
Valley Nat'l Bk	919853QZ7	7/31/2028	3.95%	\$ 245,000	\$ 9,677.50	
Connexus	20825WES5	9/18/2028	3.75%	\$ 249,307	\$ 9,349.01	
1st Gty Bk Hammond	320437AT3	11/6/2028	4.35%	\$ 199,900	\$ 8,695.65	
Maturity in 2028		\$ 2,420,207	16%			4.02%
FNBA	32110Y-T7-0	4/30/2029	3.85%	\$ 249,000	\$ 9,586.50	
Mrgn Stanley BK	61776CPV3	6/6/2029	4.45%	\$ 115,000	\$ 5,117.50	
UBS	90355GPU4	7/24/2029	4.20%	\$ 248,000	\$ 10,416.00	

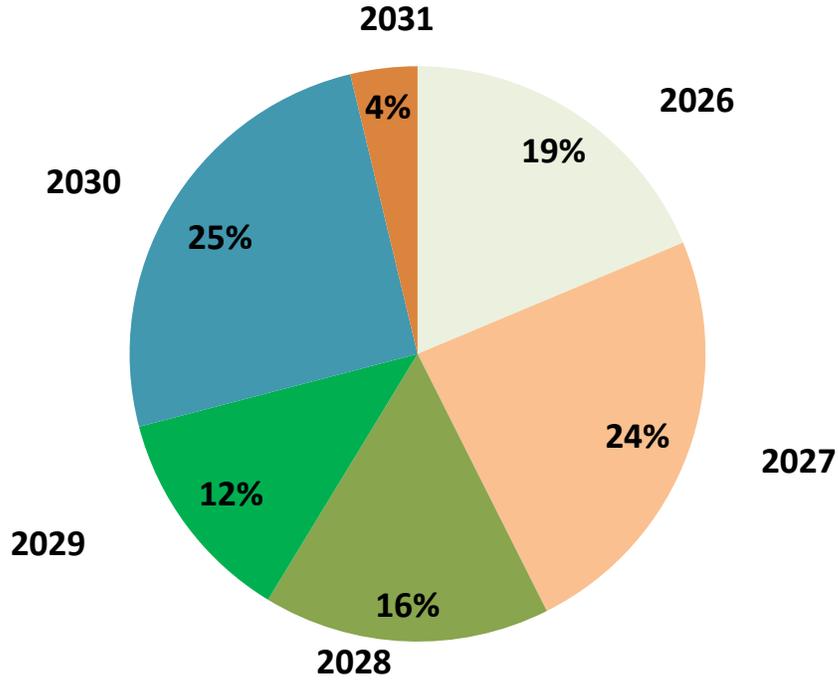
Investments by Maturity

January 2026

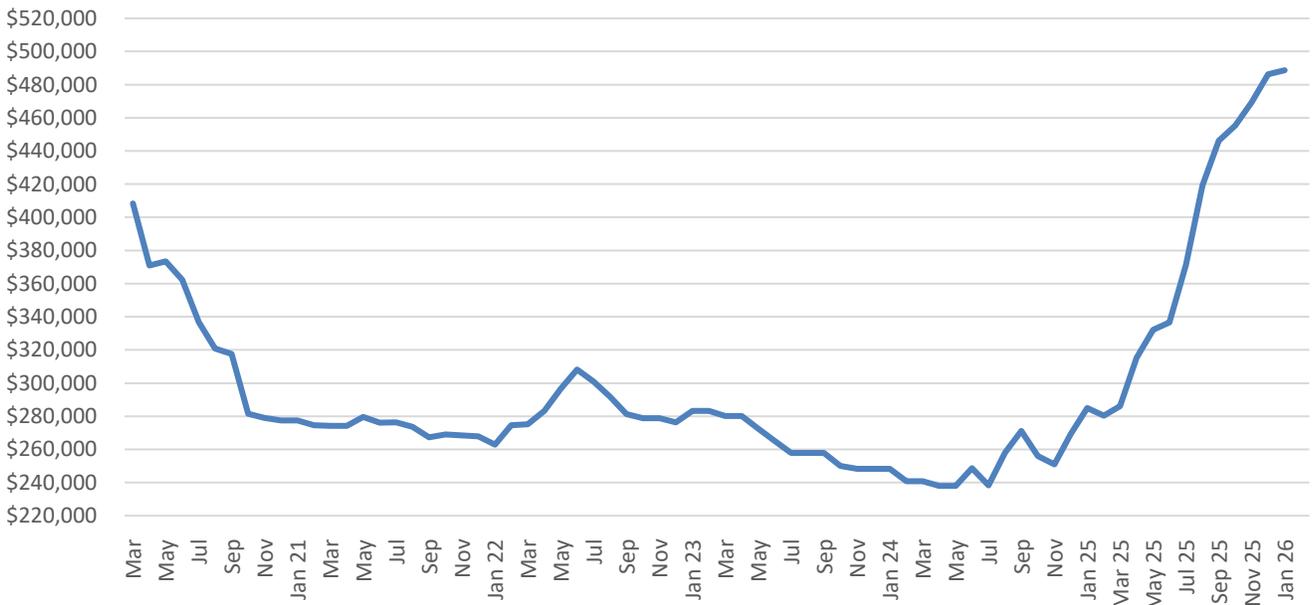
<u>Description</u>	<u>Cusip</u>	<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>	<u>Est. Yr Interest</u>	<u>Avg Rate</u>
SALLMA	795451DM2	7/24/2029	4.30%	\$ 244,000	\$ 10,492.00	
FNMA	3135GAU25	8/6/2029	4.38%	\$ 179,185	\$ 7,839.32	
Morgan S Privt Bk	61768UPS0	9/26/2029	3.70%	\$ 245,000	\$ 9,065.00	
Morgan S Bk	61776CBR7	9/26/2029	3.70%	\$ 105,000	\$ 3,885.00	
FHLB	3130B34U4	10/5/2029	4.13%	\$ 204,693	\$ 8,443.57	
Texas EXC Bank	88241TXB1	11/26/2029	3.75%	\$ 249,000	\$ 9,337.50	
Maturity in 2029 \$ 1,838,877 12%						4.03%
American Express Nat'l Bk	02589AGX4	3/26/2030	4.15%	\$ 244,000	\$ 10,126.00	
FHLB	3130B6T22	6/24/2030	4.38%	\$ 185,879	\$ 8,132.20	
Farmer MAC	31424WK43	7/16/2030	4.26%	\$ 496,980	\$ 21,171.35	
USF FCU	90353ECE1	7/30/2030	4.00%	\$ 249,000	\$ 9,960.00	
Fedl Natl MTG Assn	3136GANN5	8/20/2030	4.00%	\$ 899,550	\$ 35,982.00	
Royal BK CDA	RY6190844	9/30/2030	4.10%	\$ 500,000	\$ 20,500.00	
Gold SachsBK USA	38151PAH4	10/7/2030	3.70%	\$ 245,000	\$ 9,065.00	
Gulf Coast B&T	402194GS7	11/25/2030	3.65%	\$ 245,000	\$ 8,942.50	
FHLB	3130B8LT7	11/25/2030	4.09%	\$ 245,005	\$ 10,020.71	
3rd Fed SVG & LN	88413Q-JK-5	12/19/2030	3.75%	\$ 245,000	\$ 9,187.50	
Farmers & Merchants	308862-EH-O	12/31/2025	3.70%	\$ 249,000	\$ 9,213.00	
Maturity in 2030 \$ 3,804,414 25%						4.00%
FNMA	3136GCDK8	1/7/2031	3.75%	\$ 320,000	\$ 12,000.00	
FHLMC Med	3134HCPG8	1/27/2031	4.17%	\$ 245,005	\$ 10,216.72	
Maturity in 2031 \$ 565,005 4%						2.12%
				<u>Investments</u>	<u>Annual Interest</u>	<u>Avg</u>
Total				\$ 15,029,560	\$ 488,678	3.25%

Description Cusip Maturity Rate Amount Est. Yr Interest Avg Rate

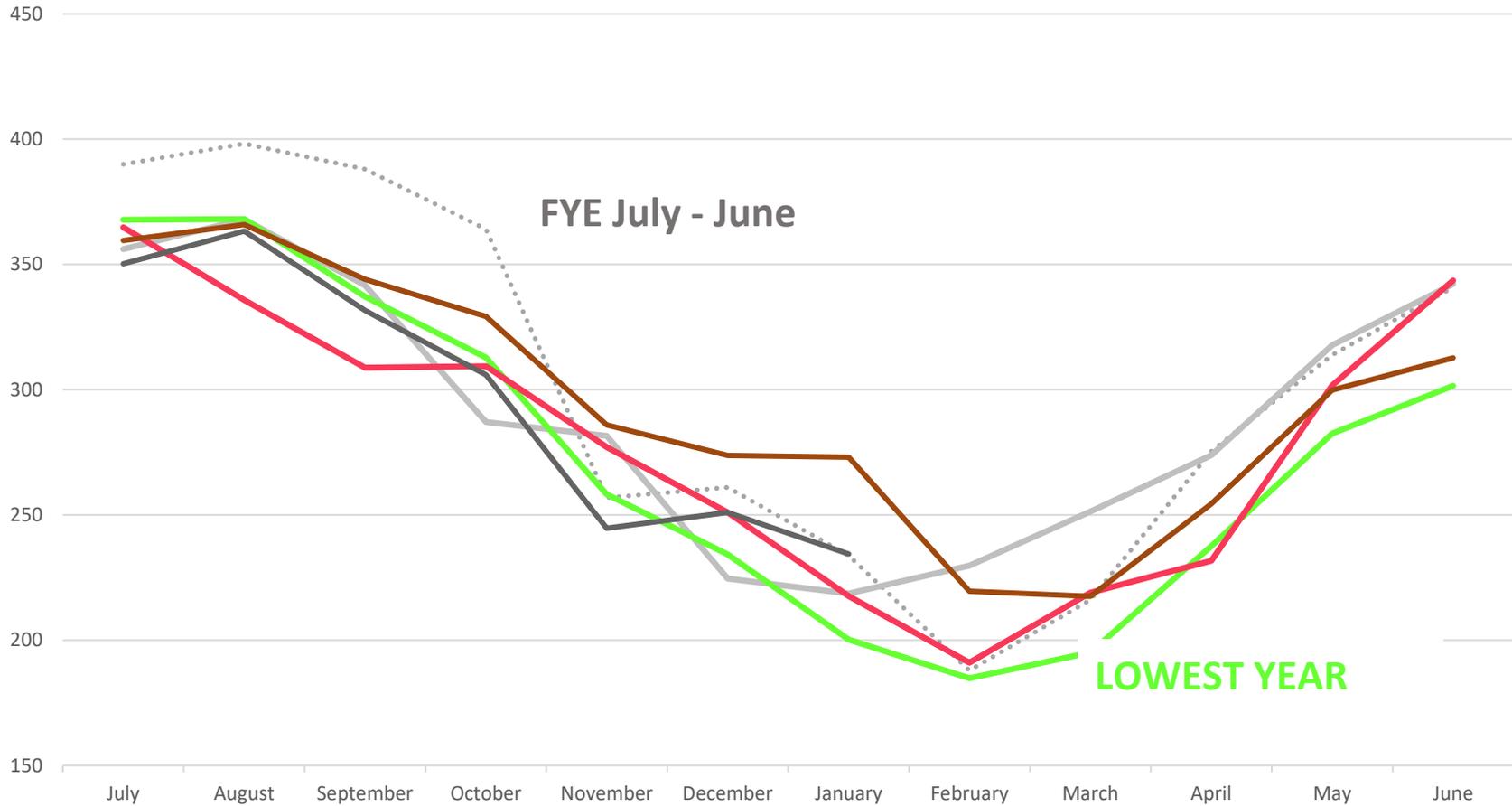
Investments by Maturity Year



Annual Projected Interest *On a monthly basis*



Water Demand



FYE July - June

LOWEST YEAR



OPERATIONS REPORT
March 2026
BOARD OF DIRECTORS MEETING

General Operation:

- *EOS Building updates*
- *Well #8 Rehabilitation update*
- *Water conference in Ontario, Ca*

Contractor/ Developer/ County Projects:

- *River Run East update*
- *River Street-City of San Diego job*

District Emergencies Repairs:

- *Main breaks 0*
- *Service leaks 1*
- *Fire hydrants 0*

RESOLUTION 26-01

RESOLUTION OF THE BOARD OF DIRECTORS OF LAKESIDE WATER DISTRICT TO CONTINUE AUTOMATIC ADJUSTMENTS TO WATER RATES THAT PASS THROUGH RATE INCREASES OF WHOLESALE WATER CHARGES

WHEREAS, the Board of Directors of the Lakeside Water District (“LWD” or the “District”) has maintained a policy of passing through all the wholesale rate adjustments; and

WHEREAS, the Board of Directors is authorized to provide water service and set rates for such services under the Water Code 22078 and 22280; and

WHEREAS, the Board of Directors is provided further authority to adopt a schedule of fees or charges authorizing automatic adjustments that pass through the adopted increases or decreases in the wholesale charges for water pursuant to Government Code 53756; and

WHEREAS, the governing board of the Metropolitan Water District of Southern California (MWD) annually engages in discussions that could increase wholesale water rates; and

WHEREAS, it is the intent of the district to provide for automatic adjustments to pass through increases or decreases by the San Diego County Water Authority (SDCWA) and SDCWA allocated MWD charges upon not less than 30 days’ notice to LWD customers of such adjustments; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Lakeside Water District as follows:

AUTOMATIC ADJUSTMENTS THAT PASS THROUGH WHOLESALE CHARGES FOR WATER

SECTION 1: The LWD fees or charges established herein for the sale of water shall be automatically adjusted to pass through adopted increases or decreases in wholesale charges for water for a period not to exceed five years. The term “wholesale charges” shall include SDCWA and SDCWA-allocated Metropolitan Water District charges. Notice of any adjustment pursuant to this schedule shall be given to LWD customers pursuant to Government Code 53755(a), not less than 30 days before the effective date of the adjustment.

SECTION 2: The fees and charges established by this Resolution do not include an adjustment for inflation, and do not exceed the cost of providing services for which the fees and charges are levied.

SECTION 3: If any clause or provision of this Resolution is found to be void or unenforceable by a court of competent jurisdiction, the remaining provisions of the Resolution shall nonetheless continue in full force and effect.

SECTION 4: The changes in rates and charges established by this Resolution are for the purposes of passing through wholesale water rates charged by the San Diego County Water Authority and the Metropolitan Water District of Southern California, and therefore the establishment of such rates and charges is exempt from the provisions of the California Environmental Quality Act (CEQA).

PASSED AND ADOPTED at a regular meeting of the Board Directors of Lakeside Water District held on the 5th day of March, 2026, by the following vote.

AYES:

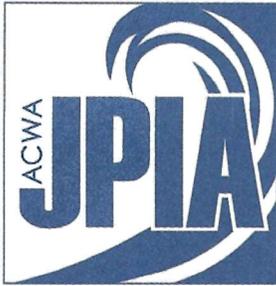
NOES:

ABSTAIN:

ABSENT:

Eileen Neumeister, President
Board of Director's

ATTEST: _____
Brett Sanders, Board Secretary
Lakeside Water District



YOUR BEST PROTECTION

12/3/2025

ACWA JPIA

P. O. Box 619082
Roseville, CA
95661-9082

phone
916.786.5742
800.231.5742

www.acwajpia.com

Core Values

- People
- Service
- Integrity
- Innovation

Lakeside Water District (L004)
10375 Vine Street
Lakeside, CA 92040-2440

General Manager:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property, or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Lakeside WD with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

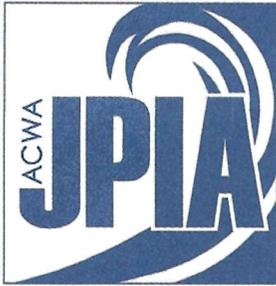
The JPIA wishes you the best in 2026.

Sincerely,

A handwritten signature in black ink that reads 'Melody McDonald'.

Melody McDonald
President

Enclosure: President's Special Recognition Award(s)



YOUR BEST PROTECTION

12/3/2025

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Melody McDonald
President

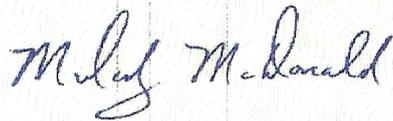
Enclosure: President's Special Recognition Award(s)

President's Special Recognition Award

*The President of the
ACWA JPIA
Hereby presents Special Recognition Award to*

Lakeside Water District

In recognition of outstanding performance in the Property program, demonstrated by maintaining exceptionally low claim costs relative to contributions during the period 07/01/2021 - 06/30/2024 announced at the ACWA JPIA Board of Director's meeting held in San Diego, California.



Melody McDonald, President



December 01, 2025

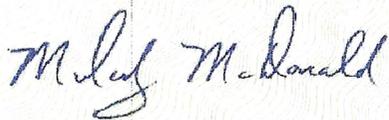
President's Special Recognition Award

*The President of the
ACWA JPIA*

Hereby presents this Special Recognition Award to

Lakeside Water District

In recognition of outstanding performance in the Workers' Compensation program, demonstrated by maintaining exceptionally low claim costs relative to contributions during the period 07/01/2021 - 06/30/2024 announced at the ACWA JPIA Board of Directors' meeting held in San Diego, California.



Melody McDonald, President



December 01, 2025



July 18, 2025

Lakeside Water District
10375 Vine Street
San Diego, CA 92040

**Re: Lakeside Water District
Financial Audit – June 30, 2025**

Dear Melinda,

Enclosed is the summary of coverage for **Lakeside Water District** regarding its coverage programs with the ACWA Joint Powers Insurance Authority (JPIA).

The JPIA provides pooled, self-insured programs for Liability, Property, Workers' Compensation, and Underground Storage Tank (UST) Pollution Liability coverages. **Lakeside Water District** has been a JPIA member since **1979** and currently participates in the Liability, Property, and Workers' Compensation Programs. The District also has a group purchased Cyber Liability Policy.

Per JPIA policy, the JPIA does not provide detailed claims information by member for audit requests. Such information can compromise ongoing negotiations. Claims on behalf of a member district are fully covered by the JPIA pool. Accordingly, the member district has no financial responsibility related to the settling of ongoing claims. When a given policy year has four years' experience, the JPIA annually calculates each member's share of the related costs. The plusses and minuses as a result of this calculation flow through each member's rate stabilization fund. Each member's rate stabilization fund is allowed to grow to an established threshold before refunds are sent out. Each year a report with this information is sent out to JPIA members.

For more information about JPIA, please go to our website at <https://www.acwajpia.com/transparency/#FAS>. You may also contact JPIA Director of Finance, David deBernardi at (916) 786-5742.

Sincerely,

p.p. *Kristen Brown*

Nidia Watkins
Member Services Representative II

c: **Lakeside Water District**

**Lakeside Water District
Coverage Summary
As of June 30, 2025**

LIABILITY - GENERAL, AUTO & PUBLIC OFFICIALS ERRORS & OMISSIONS

Provides coverage for the Agency, its Directors, employees, and authorized volunteers against third-party losses arising out of liability imposed by law or assumed by contract. The JPIA pools for the first \$5 million and purchases excess coverage up to \$55 million.

<u>Coverage Limit:</u>	\$55 million per occurrence, except
Terrorism	\$ 5 million
Communicable Disease	\$10 million
Subsidence	\$45 million
Lead	\$45 million
Mold	\$45 million

<u>ACWA JPIA Form Number:</u>	MOLC-100124
<u>Coverage Period:</u>	10/1/2024 - 10/1/2025
<u>Deposit Premium:</u>	\$47,751

CYBER LIABILITY

Provides coverage from financial losses resulting from data breaches and other cyber events. Includes both first-party and third-party coverage.

<u>Coverage Limit:</u>	\$3 million maximum per member \$5 million policy aggregate
-------------------------------	--

<u>Retention:</u>	Based on reported Total Insurable Values
	≤\$10,000,000..... \$50,000
	>\$10,000,000..... \$100,000

<u>Carrier/Policy Number:</u>	Coalition Insurance Solutions, Inc. C-4LQ4-231954-CYBER-2024
<u>Coverage Period:</u>	7/1/2024 – 7/1/2025
<u>Annual Contribution:</u>	\$1,594

PROPERTY PROGRAM

Provides replacement value of real and personal property owned by the Agency in the event of a covered loss. Boiler and machinery coverage is included and provides coverage for mechanical, electrical and pressure equipment. Licensed vehicles, mobile equipment, and watercraft are repaired or replaced on an actual cash value basis. The JPIA pools for the first \$10,000,000, and purchases excess coverage up to \$150 million.

<u>Coverage Limit:</u>	\$150 million per occurrence
Earthquake	\$2,500,000 program aggregate
Flood	\$25 million
<u>Total Insurable Values:</u>	\$1,908,896
<u>Deductibles:</u>	\$ 1,000 real and personal property
	\$ 1,000 mobile equipment
	\$ 500 licensed vehicles/trailers
	\$ 25,000 Boiler & Machinery, except \$50,000 if Turbine or Power Generation equipment
	5% of TIV Earthquake
	\$ 100,000 Flood
<u>ACWA JPIA Form Number:</u>	MOPC-070124
<u>Coverage Period:</u>	7/1/2024 - 7/1/2025
<u>Annual Contribution:</u>	\$9,814

CRIME PROGRAM

Covers loss of Agency property caused by the dishonest acts of Agency's employees; loss caused by forgery or alteration of orders to pay drawn on the Agency's accounts; and loss caused by use of a computer to transfer covered property from the Agency's premise or bank to another person or place.

<u>Coverage Limit:</u>	\$100,000 per loss
<u>Deductible:</u>	\$1,000
<u>ACWA JPIA Form Number:</u>	MOCC-070124
<u>Coverage Period:</u>	7/1/2024 - 7/1/2025
<u>Annual Contribution:</u>	Included with Property Program

WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY PROGRAM

Provides coverage for compensation and other benefits the Agency is required to pay to any employee for a job-related injury or disease. The JPIA pools for the first \$2,000,000, and purchases excess coverage for California Statutory Limits with a \$4,000,000 program aggregate limit for Employer's Liability coverage.

<u>Coverage Limit:</u>	Workers' Compensation – California Statutory Limits Employer's Liability - \$4 million program aggregate
<u>ACWA JPIA Form Number:</u>	MOWC&EL-070124
<u>Coverage Period:</u>	7/1/2024 - 7/1/2025
<u>Annual Contribution:</u>	\$21,001

Note: This summary does not change the terms and conditions of the memoranda or policies. The memoranda or policies must be consulted for the actual wording, including the exclusions.

Memorandum

To: Board of Directors
From: Brett Sanders
Date: 3/5/2026
Re: Consider Change to Administrative Code Regarding Group Life Insurance

Board Members,

I am requesting the Board to consider a change to Administrative Code Section 8.1-7(C) Group Life Insurance.

The benefit level of \$50,000 has been in place for over 34 years and I would like to have the Board consider an increase to the benefit to be able to offer a competitive life insurance limit. Four points to consider are:

- 1) This limit has not been increased to keep up with minimum inflation adjustments.
- 2) The current cost of the District's Basic Life Insurance Policy is \$144.08 per month.
- 3) A upgraded policy to 1x the employee's salary up to \$150,000 would increase the policy to \$415.50 per month.
- 4) An increase to proposed amount would make the District more competitive against other water agencies. The current level of our neighboring and similar sized water agencies are as follows.

Padre Dam – 1.5x times annual salary with a maximum benefit of \$250,000
Helix WD -- 1.75x times annual salary to a maximum benefit of \$200,000
Otay WD -- Up to \$50,000 depending on employees wage
Rincon Del Diablo -- \$210,000 Employee Life Insurance Coverage
Santa Fe ID – 1.5x Annual Salary

The Administrative Code page follows for your review.

Thank you,
Brett Sanders

Alterations in work schedules or hours that are not prearranged shall be paid at an overtime rate for hours outside the normal work schedule.

8.1-7 INSURANCE

A. Group Health Insurance

On the first of the month following one month employment with the District, non-temporary full-time employees are eligible to participate in a group health insurance program. Unless applied for when first eligible, evidence of insurability at employee expense will be required before being covered. The District provides this insurance at no cost to the employee for his/her dependents.

Medical insurance for the family would be continued after the death of an employee, one month for each full year of active employment, whether an employee is active or disabled at death, with a six-month minimum.

Employees and/or their dependents that would normally lose their medical or dental insurance due to changes in family or employment status may be eligible to continue in the group plan. Continuation would be for a limited period and at the employee's or dependent's cost plus an administrative fee.

B. Group Dental Insurance

On the first of the month following two months of employment, non-temporary full time employees and or their dependents are eligible to participate at no cost. The coverage is provided through ACWA. Information booklets are available to all employees.

C. Group Life Insurance

After two months of employment, on the first of the following month, non-temporary full time employees are eligible for life insurance coverage at no cost. This program provides life insurance at the rate of one times annual salary rounded up to the next even \$1000 with a maximum of \$50,000.

D. Disability Benefit Plan

The District has both Short and Long Term Disability Plans available for full time employees upon completion of two (2) month's employment at no cost. The District's Short Term Disability Plan has a 30 day waiting period and will provide 66 2/3% of the regular monthly salary, not to exceed \$7,500 per month. Sick leave and/or vacation may be used to provide full pay during the waiting period. No sick leave or vacation time will accrue after the 30 day waiting period.

Long Term Disability Benefit provides 66 2/3% of the first \$7,500 of your monthly Pre-Disability earnings; the benefit waiting period is 180 days. No sick leave or vacation time will accrue after the 180 day waiting period.

Lakeside Water District
Disbursements List
February 2026

Num	Name	Account	Original Amount
17587	**included in payroll	Payroll Check	0.00
17588	**included in payroll	Payroll Check	0.00
17589	**included in payroll	Payroll Check	0.00
17590	ABOOD ZEYAD	4000 · Water Sales on Account	122.43
17591	ANGEL ANTONIO-V	4000 · Water Sales on Account	70.40
17592	FINLEY, HALEY	4000 · Water Sales on Account	115.25
17593	HEIMASTER, NIKKI	4000 · Water Sales on Account	151.77
17594	JENNINGS, JOSEPH & NITSA	4000 · Water Sales on Account	13.41
17595	JONES, MATTHEW DAVID	4000 · Water Sales on Account	158.81
17596	LEONE, LARRILYN	4000 · Water Sales on Account	103.69
17597	MACARE, MAURICE	4000 · Water Sales on Account	128.00
17598	MONTES, PEDRO	4000 · Water Sales on Account	96.12
17599	MTW PROPERTIES, LLC	4000 · Water Sales on Account	123.91
17600	O'CONNELL, TOM	4000 · Water Sales on Account	38.90
17601	PARKS, JEFFREY & SHARON	4000 · Water Sales on Account	60.36
17602	TRIN.DRU. & BRYAN MEJIA-ARROYAVE	4000 · Water Sales on Account	101.84
17603	WALLACE, SAUNDRA	4000 · Water Sales on Account	137.11
17604	ZAPF, MATTHEW	4000 · Water Sales on Account	94.81
17605	A & B Saw & Lawnmower Shop	6100 · Distribution - Maint/Supplies	68.85
17606	A Cut Above Concrete Cutting, Inc.	1582 · Oper, Eng. & Security Bldg.	350.00
17607	ACWA - Group Ins	7040 · Group Insurance	28,244.59
17608	All Star Computers	6400 · Outside Labor	250.00
17609	American Messaging	7400 · Office Expense	105.68
17610	Border Tire	6200 · Trucks-Fuel,Maintenance,Repair	1,923.49
17611	Brody Groundwater Consulting, Inc.	5200 · Water Treatment -Maint/Supplie	250.00
17612	Cintas First Aid & Safety	6100 · Distribution - Maint/Supplies	314.74
17613	Cook, Robert	7040 · Group Insurance	5,514.80
17614	Crisplmaging Inc.	Split	129.26
17615	Excel Telemessaging	7400 · Office Expense	371.32
17616	Ferguson Waterworks	6100 · Distribution - Maint/Supplies	629.31
17617	Gregory Sheets, CPA	7230 · Consultants	400.00
17618	Harris Computer Systems	7400 · Office Expense	2,807.50
17619	HASA	5200 · Water Treatment -Maint/Supplie	579.78
17620	Helix Water District	5080 · Water Treatment & Testing	723.00
17621	Hose Tech	6100 · Distribution - Maint/Supplies	326.77
17622	Jan-Pro	7400 · Office Expense	350.00
17623	MTGL, Inc.	1582 · Oper, Eng. & Security Bldg.	590.63
17624	Quadient - Postage	7400 · Office Expense	1,000.00
17625	Republic Services	6100 · Distribution - Maint/Supplies	904.10
17626	Rexel	1582 · Oper, Eng. & Security Bldg.	2,187.30
17627	S.D. Heavy Truck Equipment Repair, Inc	6200 · Trucks-Fuel,Maintenance,Repair	213.47
17628	Snell & Wilmer	7210 · Attorney Fees	2,184.00
17629	Snipes-Dye Associates	1551 · New Services/Meters	300.00
17630	Target River	7400 · Office Expense	110.00
17631	Underground Service Alert	7440 · Dues & Subscriptions	179.85
17632	UniFirst Corp	6100 · Distribution - Maint/Supplies	691.12
17633	United Site Service, Inc.	6100 · Distribution - Maint/Supplies	114.90
17634	Wave.Band	7400 · Office Expense	948.39

17635	WestAir	6100 · Distribution - Maint/Supplies	194.53
17636	Dexter Wilson Engineering, Inc.	Split	7,455.00
17637	Payton's Ace Hardware, Inc.	Split	739.65
17638	**voided check	4000 · Water Sales on Account	0.00
17639	**voided check	4000 · Water Sales on Account	0.00
17640	SEVREY, JAMES	4000 · Water Sales on Account	200.00
17641	Deborah Fetty-V	7920 · Miscellaneous Expense	7.50
17642	A & B Saw & Lawnmower Shop	6200 · Trucks-Fuel,Maintenance,Repair	14.98
17643	Alpha Analytical Laboratories, Inc	5080 · Water Treatment & Testing	373.00
17644	Badger Meter, Inc.	1551 · New Services/Meters	5,140.72
17645	Big State Industrial Supply Inc.	6100 · Distribution - Maint/Supplies	914.59
17646	Border Tire	6200 · Trucks-Fuel,Maintenance,Repair	240.17
17647	East County Urgent Care	6100 · Distribution - Maint/Supplies	300.00
17648	HASA	5200 · Water Treatment -Maint/Supplie	430.80
17649	Heritage Landscape Supply	6100 · Distribution - Maint/Supplies	285.41
17650	Lakeside Equipment, Inc.	6100 · Distribution - Maint/Supplies	230.61
17651	Lakeside Petroleum, Inc.	6200 · Trucks-Fuel,Maintenance,Repair	2,363.34
17652	Napa Auto Parts Inc	6200 · Trucks-Fuel,Maintenance,Repair	57.76
17653	Northern Safety Co., Inc.	6100 · Distribution - Maint/Supplies	370.52
17654	Rexel	1582 · Oper, Eng. & Security Bldg.	6,515.40
17655	S.D. Heavy Truck Equipment Repair, Inc	6200 · Trucks-Fuel,Maintenance,Repair	180.00
17656	San Diego County Water Authority	5091 · SDCWA Capacity & Treatment Fees	10,693.00
17657	ULine	6100 · Distribution - Maint/Supplies	224.86
17658	UniFirst Corp	6100 · Distribution - Maint/Supplies	218.27
17659	White Cap Industries, Inc.	Split	569.01
17660	Wintergardens Smog & Tune	6200 · Trucks-Fuel,Maintenance,Repair	906.20
17661	**included in payroll	Payroll Check	0.00
17662	Standard Insurance	7040 · Group Insurance	445.20
17663	Variable Annuity Life Insurance	2100 · Payroll Liabilities	4,133.44
17664	Superior Ready Mix Concrete	1582 · Oper, Eng. & Security Bldg.	5,462.74
17665	FedEx	5080 · Water Treatment & Testing	161.97
17666	Superior Ready Mix Concrete	1582 · Oper, Eng. & Security Bldg.	3,532.06
eft	First Bankcard - Visa	First Bankcard	98.63
eft	First Bankcard - Visa	First Bankcard	3,063.56
eft	First Bankcard - Visa	First Bankcard	8,586.09
eft	Bankcard CC Fee	7400 · Office Expense	630.76
eft	US Bank-Register	7400 · Office Expense	169.27
eft	Paya ACH Fee	7400 · Office Expense	10.00
eft	Paya ACH Fee	7400 · Office Expense	13.95
eft	Paya ACH Fee	7400 · Office Expense	15.00
eft	Paya ACH Fee	7400 · Office Expense	32.93
eft	Paya ACH Fee	7400 · Office Expense	41.05
eft	Paya ACH Fee	7400 · Office Expense	45.00
eft	Paya ACH Fee	7400 · Office Expense	130.20
eft	San Diego County Water Authority	5000 · Water Purchases	606,425.16
eft	InvoiceCloud Fee	7400 · Office Expense	861.40
eft	San Diego County Water Authority	5000 · Water Purchases	34,783.55
eft	US Bank-NSF	1200 · Accounts Receivable	108.48
eft	US Bank-Fees	7400 · Office Expense	951.44
eft	Verizon	7400 · Office Expense	172.28
eft	SDGE	5100 · Electric Power	15,190.66
eft	SDGE	5100 · Electric Power	26.83
eft	SDGE	5100 · Electric Power	1,005.70

eft	SDGE	5100 · Electric Power	484.28
eft	SDGE	5100 · Electric Power	131.85
eft	SDGE	5100 · Electric Power	52.10
eft	Cal Pers	7050 · CalPers Retirement	6,668.91
eft	Cal Pers	7050 · CalPers Retirement	12,358.16
eft	Union Bank InstaTax State	2100 · Payroll Liabilities	5,152.38
E-pay	Union Bank InstaTax Federal	2100 · Payroll Liabilities	27,807.51
payroll	Payroll	Split	74,832.17
			<hr/>
			906,489.69



**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING
FEBRUARY 26, 2026**

1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the monthly Treasurer's Report

2. Resolution adopting the benefit summaries between the Water Authority and unrepresented Confidential, Senior Management and Executive employees covering calendar years 2022 through 2026 for California Public Employees Retirement System (CalPERS) compliance.
The Board adopted Resolution No. 2026-02, a resolution of the Board of Directors of the San Diego County Water Authority, adopting the amended benefit summaries covering calendar years 2022, 2023, 2024, 2025 and 2026 with unrepresented employees (Confidential, Senior Management and Executive groups).

3. Project Labor Agreement determination for the Lake Hodges Hydroelectric Facility Isolation project.
In accordance with Administrative Code section 4.08.070 (Project Labor Agreements), the Board determined that the Lake Hodges Hydroelectric Facility Isolation project does not include a requirement for a project labor agreement.

4. Approve memorandum of understanding with U.S. Bureau of Reclamation on behalf of the United States Department of Interior for the purpose of exploring a Colorado River Imported Water/Interstate Water Transfer Pilot.
The Board approved the MOU with the U.S. Bureau of Reclamation, Metropolitan Water District of Southern California, Southern Nevada Water Authority, Arizona Department of Water Resources, and Central Arizona Water Conservation District to explore potential of interstate transfers and exchanges.

5. Approval of Minutes
The Board approved the minutes of the Special Board of Directors' and Formal Board of Directors' meetings of January 22, 2026.

General Managers
Quarterly Report – State of the District & Report of Capital Outlays and Expenses

March 10, 2026
Board of Directors Meeting

The top issues facing the District in the 2nd quarter of 2026 are;

- 1) Yerba Valley Annexation Pipeline and USDA Funding
- 2) Form 700
- 3) Helix Ribbon Cutting for Electrification Project
- 4) Ethics Training

Our Current Capital Outlays for fiscal year 2025/26 are for the following;

	Budget	%Complete
a. Buildings & Land	\$ 4,000	0
b. O & M Equipment	\$ 10,000	0
c. Office Furniture & Equipment	\$ 15,000	0
d. CIP Design/Engineering	\$ 5,000	304
e. Pumping Plant & Distribution	\$ 30,000	174
f. New Service/Meters	\$ 10,000	71
g. SCADA Telemetry Upgrade	\$ 30,000	0
h. Yerba Valley Annexation Pipeline	\$ 450,000	4
i. Operations, Engineering & Security Bldg.	\$ 195,000	108
j. Julian Ave. Multiple Pipe Replacement	\$ 20,000	73
k. Rocoso Rd. Pipe Replacement Engineering	\$ 20,000	30
	Budget Total	
	\$ 789,000	
	Current Outlay	
	\$ 322,940	41%

News Articles/Editorials Enclosed:

Official Says Colorado River Water Should be Secure

The Shape of Water: Politico California Climate

Official says Colorado River water should be secure

The ongoing anxiety throughout the West over the Colorado River water supply ratcheted up once again as negotiators last week blew through a second deadline in three months to reach agreement on how to divvy up the ever-diminishing flow.

The distance and tensions between the upper and lower river basin states, the latter of which includes California, seem as great as ever.

Sounds bad.

But regardless of the outcome, San Diego should remain relatively unaffected by cuts that are sure to come on the Colorado River, which supplies the region with more than half of its water.

That's the view of Jim Madaffer, a member of the San Diego County Water Authority and the Colorado River Board of California.

He said San Diego is in a unique position with a protected supply, due to a long-term deal with the Imperial Irrigation District for river water, increased storage, a desalination plant and upcoming wastewater recycling.

"That gives us resiliency that no one else has," he said.

Even if an eventual new river agreement leaves San Diego's supply largely intact, that won't do anything to change the skyrocketing trajectory of local water costs, which has become cause for alarm among politicians and ratepayers.

However, the consequences of the missed deadlines are unclear. The same goes for the increased prospect of the Trump administration taking a stronger hand in trying to force a pact, even though its preference has been for the seven basin states to come to an agreement.

That's what the states say they want as well. Despite the lack of progress over the past couple of years, negotiations are expected to continue between the players in the upper Colorado River Basin (Colorado, New Mexico, Utah and Wyoming) and lower basin (Arizona, California and Nevada).

The potential for more litigation, a familiar companion of Western water dealings, is very real.

Some 40 million people and huge tracts of agricultural land rely on water from the Colorado. It has long been over-tapped — California had been the main culprit, though it has cut back dramatically — and climate-change-fueled drought has shrunk the river.

The snowpack that feeds the river is particularly dismal this year, and the main reservoirs, Lake Powell and Lake Mead, are at dangerously low levels.

“It’s like trying to split a 15 million acre-foot flow (annually) that just doesn’t exist,” said Madaffer, a former San Diego City Council member.

These days, it’s more like 12.5 million acre-feet, according to the Grand Canyon Trust. An acre-foot equals about 325,900 gallons and can serve 2½ typical four-person households each year in the San Diego region, according to the water authority.

The original agreement was drawn up in 1922 when the river flow was much higher, and even subsequent adjustments were based on more water than was actually there.

Basically, the upper basin states don’t want to sacrifice any more water, given the lower states use so much more. The lower states say they have most of the population and agricultural production, justifying their use.

All the states, particularly in the lower basin, have experienced considerable growth over the years.

Voluntary cuts and payments to farmers to leave land idle haven’t been enough to reach a long-term understanding. The existing river agreement is due to expire at the end of this year.

One way or another, river cutbacks are coming. So why shouldn’t San Diego be sweating over its supply?

The main reason is that the Imperial Irrigation District has the second-most-senior river water rights after the Palo Verde Irrigation District, which covers a comparatively smaller area of Riverside and Imperial counties.

Madaffer said that means virtually all other Colorado River users will face reductions before the IID, whose 2003 water deal with San Diego is protected by the district’s water rights.

San Diego officials made that agreement and other costly waterworks improvements to develop a reliable and independent supply after the region was threatened with devastating cuts during a drought in the 1990s. That’s when San Diego got most of its water from the Los Angeles-based Metropolitan Water District of Southern California. The SDCWA now gets hardly any from

Metropolitan.

“We have the most diverse and secure water portfolio that is the envy... I’d say of the entire lower basin,” Madaffer said, referring not just to the IID agreement but other aspects of the local water system.

Not long ago, San Diego was feted in glowing national reviews, including one by The New York Times, for building its water supply.

As other jurisdictions face cuts, Madaffer believes the local water investments will again get their due, particularly the Quantification Settlement Agreement, as the IID-San Diego pact is officially known.

“People don’t know how important the QSA is,” he said.

Through the agreement, the water authority receives 200,000 acre-feet annually by paying for conservation efforts in Imperial County and 77,700 acre-feet saved by concrete lining stretches of the All-American and Coachella canals.

Madaffer said the agreement has strong legal protections in the event of any move to significantly alter or scuttle it. Nevertheless, the pressure is on all parties to the existing agreement, which also involves Native American tribes and Mexico, to do more.

Still, Madaffer said if IID were to lose, say, 100,000 acre-feet, San Diego would lose 6,000 acre-feet. The 6 percent is in the QSA.

“That’s a proverbial drop in the bucket,” he said.

Enviably as San Diego’s water supply may be, that sheen has dulled locally as costs have spiraled. Water authority rates have gone up 23% in the past two years and are projected to increase between 38 percent and 65 percent over the next decade.

Most people aren’t talking about the secure water, other than they’re paying too much for it.

The foresight on supply more than two decades ago had serious flaws: officials overestimated population growth and underestimated the amount of water San Diegans conserved.

Now the region has more water than it needs — and recycling projects in the city of San Diego, Oceanside and East County haven’t even kicked in — yet people in those jurisdictions and across the county have to pay for the overbuilt infrastructure regardless of how much water they use.

The water authority had anticipated a thirstier water market among its

member agencies, which would have paid off much of the ambitious plan. Now the water authority is in a financial bind.

There's a lot of finger-pointing about who and what is to blame — high-priced imported water, costly desalination and recycling operations, or all of the above. The city of San Diego is the most powerful member of the water authority, yet some of its City Council members and authority officials have been increasingly critical of each other.

The end of yearslong litigation between the water authority and Metropolitan, along with other factors, should open up more of California and the West to water sales from San Diego's abundance. Officials are hoping that will eventually offset some of the costs of building a secure supply.

"Resiliency comes with a price," Madaffer said.

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POLITICO

California Climate

By [Camille von Kaenel](#)

With help from Noah Baustin, Alex Nieves and Annie Snider

TOP OF THE DAY



Get your desalinated water here. | Lenny Ignelzi/AP

THE SHAPE OF WATER: The Colorado River may be running dry, but the Pacific Ocean is not — and on Thursday, San Diego took a first formal step to turn that into a business opportunity.

The San Diego County Water Authority voted to sign a [memorandum of understanding](#) with federal, Arizona and Nevada water managers to explore selling desalinated Pacific Ocean water across state lines. The pilot, if formalized, would turn ultra-expensive water and underused capacity at the Western Hemisphere's largest desalination plant, in Carlsbad, into a resource for fast-growing neighboring states as they absorb potentially-economy-shattering cuts on the Colorado River.

The deal is still far from done, nor would it alone solve the West's water problems — but for **Dan Denham**, the general manager of the San Diego County Water Authority, it opens a door the basin has never walked through.

“We typically look at things between two watersheds,” he said in an interview. “You have the Delta and you have the Colorado River. This opportunity, I think it's reasonable to frame it as a third watershed that you can tear off. Call it the Pacific Ocean.”

The idea of using desalinated water from California or Mexico to offset cuts on the Colorado River has been around for decades as a quasi-sci-fi solution touted by entrepreneurs and dreamers. It's now gaining real momentum as things get desperate across the West.

Interstate water exchanges, which have never before taken place in the Colorado River basin, came up in a [meeting last month](#) of Western governors and Interior Secretary **Doug Burgum**. And Gov. **Gavin Newsom** threw his weight behind the idea in a [Feb. 11 follow-up letter](#) to the other governors.

“I agree with the vision that Governor **[Spencer] Cox** of Utah articulated in the recent meeting with Secretary Burgum to secure more water abundance by deploying advanced technologies and water transfers across the basin,” Newsom wrote. “California is excited to partner in this work. We welcome shared investments in infrastructure — from water reuse to desalination — that can reduce pressure on precious water supplies in Lake Powell and Lake Mead.”

It's an enticing combination: Talks over the water-sharing rules that expire at the end of this year are [at a total impasse](#), likely sending the future of the Colorado River into the courts. Hard choices over how to divvy up the water are now falling to the Trump administration, whose top

water officials are increasingly motivated to strike [high-profile side deals](#) that could soften the blow.

Arizona will inevitably face the deepest cuts in Colorado River supplies, with the Interior Department [contemplating some options](#) that would zero out deliveries to fast-growing cities in the center of the state, including Phoenix. Housing [developers there are already suing](#) over the state's decades-old mandate to prove 100 years of water supply before building.

The Water Infrastructure Finance Authority of Arizona, which provides low-interest loans for water infrastructure projects, [formally began studying four proposals](#) to import water in November. Those include developing new desalination plants in California and Mexico, using recycled water from Southern California and tapping groundwater from California's desert aquifers.

San Diego wants to get its piece. (It isn't formally at the Colorado River negotiating table, though it imports some of the river's water through transfers with other California water agencies.)

The region spent billions future-proofing its water supply, only to become a victim of its own climate success: Residents use less water, population growth has stalled, and the water authority has had to hike rates just to cover fixed costs. Carlsbad's desalinated water costs around \$3,500 per acre-foot — [compared to a statewide average of \\$343](#) per acre-foot of water — and the plant is now only running at 48,000 acre-feet, its contractual minimum, well below its 56,000 acre-foot annual capacity.

Metropolitan Water District of Southern California's general manager, **Shivaji Deshmukh**, said in an interview last month that a 2025 agreement with San Diego to explore possible exchanges among Southern California water agencies was a "great first step" that could pave the way for bigger Colorado River exchanges.

"I recognize that it's not going to be smooth right off the bat, and I haven't heard that it hasn't been, but this is the first time we're doing that," Deshmukh said.

San Diego's memorandum of understanding still needs the actual signatures of the other listed partners, including the Bureau of

Reclamation, the Metropolitan Water District of Southern California, Southern Nevada Water Authority, the Arizona Department of Water Resources and the Central Arizona Project. **DeEtte Person**, a spokesperson for the 336-mile canal system that serves central Arizona, confirmed the agency had been in talks over the project but said in an email “nothing is final.”

Then its backers would need to jump through unknown legal and political hoops.

“The questions are, who has the authority, and more potentially complicating, whether the Upper Basin would assert that they need to approve of this exchange,” said **Sarah Porter**, director of the Kyl Center for Water Policy at Arizona State University.

And even if it does happen, it may end up only being a drop in the bucket: The Colorado River is so overdrawn that in some dire situations federal water managers project that up to 4 million acre-feet of annual cuts are needed. — **CvK**

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